



# **Memorandum**

*Bureau of the Public Debt*

Date: August 17, 2006

To: Terry Keyfauver, Acting Deputy Director and CFO  
Community Development Financial Institutions Fund

From: Matthew Bumgarner, Manager  
Funds Management Branch

Subject: FY2006 Year-end Schedule

As year-end approaches, I wanted to take some time to review the closing process and to make you aware of the due dates (see Attachment A) associated with that process. It is imperative for FMB and CDFI to work together to meet these deadlines in order to achieve a successful yearend close. If you have any questions or concerns, please do not hesitate to contact Micki Jackson, Dana Morr, or myself.

## **YEAR-END GENERAL LEDGER CLOSE PROCESS:**

The SEP/06-06 (AP 12 06) period will be used for the normal monthly processing of September activity. This period will close on Tuesday, October 3<sup>rd</sup>. The AP 12 06 TIER submission will be used by ARC to prepare the final FY 2006 trial balance and financial statements, and by Treasury to produce your FACTS II (Federal Agencies' Centralized Trial Balance system) submission. You will be provided a pre-closing trial balance as of AP 12 06 by October 18<sup>th</sup> for certification of FACTS II (certification due to ARC by Tuesday, October 24<sup>th</sup>) so that we can certify FACTS II data before the window closes on October 26<sup>th</sup>.

Any audit adjustments approved by CDFI will require a resubmission of TIER/FACTS II and will result in a revised trial balance and financial statements. AIC approval will be required for any TIER resubmissions after October 10<sup>th</sup>.

The year-end close process closes nominal accounts (revenue and expense accounts) into equity accounts. For example, ending revenue balances close into equity and increase it, while ending expense balances close into equity and decrease it. The net of the two closing entries will result in an increase or decrease to your "Cumulative Results of Operations" account.

The closing process also closes various budgetary accounts into summary accounts. Some accounts, however, remain open and do not get closed in this process. For example, "Undelivered Orders – Obligations Unpaid" (SGL 4801), "Undelivered Orders

– Obligations Prepaid” (SGL 4802) and “Delivered Orders – Obligations Unpaid” (SGL 4901) do not close.

FY 2006 ending balances will be carried over as the beginning balances for FY 2007.

### **OPEN ITEMS:**

Outstanding accounts receivables, prepayments, accruals and obligations remain open at year-end. These balances will be reported on your financial statements and are subject to audit. Because of this, it is essential that these items be reviewed for accuracy and validity.

As you know, Discoverer allows CDFI users the capability to run reports to monitor your entity's open items. A review of these reports should be performed throughout the month and feedback provided to your technician to minimize the number of adjustments required to be posted at year-end. This will allow us time to post the changes in Oracle before SEP/06-06 closes.

In accordance with your year-end timeline, your entity is required to run the open items report and provide FMB with the open items certification by COB September 13<sup>th</sup> and by noon on September 29<sup>th</sup>. It is critical that the September 13<sup>th</sup> preliminary review be thorough enough to ensure only adjustments for changes that occur after September 13<sup>th</sup> are forwarded to FMB for processing on subsequent dates, including September 29<sup>th</sup>.

### **Obligations:**

There are two primary reasons that an obligation remains open at year-end.

The period of performance on an order crosses fiscal years.

For example, if you entered into a contract for services from July 1, 2006 through June 30, 2007, any amount remaining on the contract would remain obligated at year-end.

An order for goods or services has been placed prior to year-end but has not been received.

For example, if you ordered a computer on September 14 (FY 2006) and do not receive it until October 19 (FY 2007), the amount of the obligation would remain open at year-end.

All other obligations should be deobligated or an expense accrual (see below) should be posted.

### **Accounts Receivables (A/R):**

The three types of receivables that need reviewed for accuracy at year-end are:

1. Accounts receivable

2. Loans receivable
3. Interest receivable

Accounts receivable represent employee and vendor overpayments. These balances are usually minimal and may even be \$0 at year-end.

Loans receivable represent loan principal receivable at year-end from loan awardees. These can be the full amount of the award or it may be the award less loan principal payments received that are required by the executed promissory note.

Interest receivable can be one of two sources. First, there is loan interest receivable. These are interest payments due that are accrued in accordance with an executed promissory note. The other source of interest receivable is interest earnings and dividends from investments.

### **YEAR-END ENTRIES:**

Other Post-employment Benefit (OPEB) Cost/Financing Sources:

In SEP/06-06, we will be posting adjustments to the estimated OPEB entries that we have been recording throughout the year to recognize the cost and financing sources for pensions, health benefits, and life insurance. In order to show your entity's "full cost" of doing business, you are required to recognize the cost of providing pension benefits (CSRS or FERS) to eligible employees when they retire. In addition, each agency is required to recognize an expense for the future cost of post employment health benefits and life insurance for their employees while they are still working. We will be posting these expenses in SEP/06-06 based on your payroll data through pay period 17 and "factors" provided by the Office of Personnel Management. Our calculation will require an accrued payroll estimate for ten working days of pay period 19. This will appropriately recognize payroll expenses through year-end to perform the OPEB calculations.

The key to understanding these expenses is that you are not paying for them. No cash will be disbursed from your account. These costs are paid by other entities through annual appropriations to those entities after your employees retire. In order to show the full cost of operating your program, however, we must record these expenses when incurred. When posting these expenses, we also record an "imputed financing source". This is a revenue account that is used to offset the expenses, thus causing the net effect on your cumulative results of operations for these transactions to be \$0.

### **Unfunded Leave Liability:**

Your agency's year-end leave liability will be calculated by multiplying your employees' annual, compensatory and restored leave balances by their year-end hourly pay rate as of the close of pay period 18 (September 16<sup>th</sup>). Your agency's leave liability is calculated and posted in conjunction with the corresponding payroll abstract each pay period.

## **YEAR-END ACCRUALS:**

### **Administrative & Program**

The following items should be considered when providing accrual adjustments of open items:

1. Ordered goods or services were received prior to year-end but you have not received an invoice from the vendor.
2. Ordered goods or services were received prior to year-end but you receive the invoice too late to forward to your technician by **Tuesday, September 26<sup>th</sup>** (ARC's invoice due date).
3. Program award conditions have been met and CDFI's program awards manager has recommended that the Fund disburse all or part of the award.

Items that require accrual can be identified by reviewing your Discoverer open commitments and open obligations reports. During this review, you should identify goods or services that have been received but you have not received an invoice from the vendor. In addition, you must review awards documentation to determine the awards that have been recommended by the awards manager for disbursement. There are some items that you may not identify as items to accrue based on reviewing open obligations. These are items that are not committed or obligated (MOU's with no set dollar amounts, etc.) and thus are not included on your outstanding items listings. You can contact your Technician to help you identify these items.

### **Non-Payroll Expense Accruals:**

You should record expense accruals for all goods and services that have been received prior to September 30, 2006, but for which you have not yet been invoiced by the vendor. If you receive and certify an invoice and submit it to your accounting technician before the year-end invoice cutoff date (September 26<sup>th</sup>) the invoice will be processed in AP SEP/06-06 and you will not need to include the item on your expense accruals. All other items must be included in your accruals.

As always, expenses are required to be accrued by individual order and the amount accrued CANNOT EXCEED THE AMOUNT REMAINING ON THE ORDER. This means that you MUST review the "available" balance column on the Obligation tab of your Federal Status of Funds workbook and ensure that your accrual amount is not greater than that amount. If you feel that your YE accrual will be greater than the balance that is available, you must work with Procurement to get the order amount increased.

As the year closes, budgetary authority will be left in BFY (Budget Fiscal Year) 06 to cover the expense accruals. As payments are made in FY07 against the BFY 06 open obligations and accruals, they will close the outstanding balances and use the budget authority that was held in BFY 06 to pay the expenditures. If the expenditures or payments are more than the open amount obligated and/or accrued, BFY 07 funds will

be used to cover the upward adjustment. If the expenditures or payments are less than the open amount obligated and/or accrued and the remaining balances are deobligated or deaccrued, those funds will become available to fund obligations incurred in FY07.

### **Year-End Payroll Accruals:**

We will post your year-end payroll accrual based on information received from the payroll service provider. The accrued payroll at September 30, 2006, will be for 10 working days of pay period 19 and will be based on pay period 17. We plan on having the accrual recorded within one day of completion of the last customer's adjustment file for pay period 17. We anticipate having the accrual recorded by September 22nd. If additional accruals are necessary for items such as bonuses, presidential appointees paid at a different time, etc.; please send amounts and accounting information to [PayrollAccounting@bpd.treas.gov](mailto:PayrollAccounting@bpd.treas.gov) (and copy your reporting accountant) by September 22, 2006. Please provide us with as much information as you can for the accrual adjustments. This helps us answer questions for the auditors. Both the automated and manual accruals will be posted in September and reversed in October of FY 2006. Pay period 18 will be posted during the week of September 25, 2006. Prompt response on questions will allow us to post payroll more quickly. Payroll for most agencies will be completed by September 28, 2006. NFC will not provide a separate adjustment file for pay period 19, but they will send a year-end file on the same schedule (October 2). These files will be processed on October 2-3, 2006. Please keep these dates in mind when trying to determine your available funds.

### **Payroll Expense Reclassifications:**

All reclassifications for payroll posted October-August must be submitted by September 8, 2006. Reclassifications for pay period 17 must be submitted by September 18 to be reflected in the accrual. All reclassifications for payroll posted in September must be submitted by September 29, 2006. Since they will be completed in the order received, earlier submission will result in earlier completion. Any corrections received after the due dates will be held for processing until all regular payroll and timely change requests have been processed.

### **Non-Payroll Expense Reclassifications:**

Any non-payroll related expense reclassifications will need to be posted by September 30, 2006. In order for these to be reviewed and posted these must be received by September 25, 2006. Please forward any existing known non-payroll related expense reclassifications immediately.

### **Purchase Card Accruals:**

Please inform your cardholders to reallocate all charges in CitiDirect by Sept 30. ARC will download a file from CitiDirect and accrue all charges. This accrual will be reversed in the October 07 accounting period. Failure to reallocate charges by Sept 30 will result in accruals posting to default accounting strings. This process does not apply to charges that are matched to a purchase order. If you have any material outstanding

charges that have not yet posted to CitiDirect that you would like accrued, please contact your Processing Accountant.

**Prepayments:**

Prepayments and advances represent funds that have been advanced to another entity for expected future expenses. Generally, usage reports are received (either monthly or quarterly) that detail the amount of expenses for the period that have been charged to your prepayment. We record an expense at that time and your prepaid balance is reduced.

**Commitment and Contingencies:**

Please advise us of any claims and/or pending litigations that could result in the obligation/expenditure of financial resources. We will need to record these items before closing.

**Management Discussion and Analysis (MD&A):**

Most of the MD&A can be completed now and we would suggest that you get an early start. If you would like us to assist you with any information you would like to put in the report, please get those requests to us no later than September 15, 2006.

**Capitalized Assets:**

We will provide you a list of capitalized assets by September 8, 2006 for your review to determine if any assets need to be added or deleted, based on your periodic physical inventory. We encourage you to identify capitalized assets when making purchases by so noting on the purchase request, receiving report, or certified invoices. If we can be of further assistance in this area, please let us know.

**Cancelled Year Authority:**

Please remember that fiscal year 2001 funds are cancelled at the end of September. We will make the necessary entries to cancel these funds.

**New Year Reminders:**

Please notify us as soon as possible if changes to your accounting structure are needed. These changes should be made prior to entering any purchase requests for the new fiscal year.

Please look for the new Budget Object Code listing for FY 2007 on your customer web page.

SF 132s and financial plans should be submitted as soon as possible to our Budget Branch, but no later than October 1, 2006. Also, please notify us of any expected changes for the coming year that may affect your accounting needs, such as additional appropriations or new types of authority.

## **Year-end Reports**

The following year-end reports will be submitted for your agency. We will provide you with a copy of the reports for your review and approval before submitting them. Please note that all of the dates are earlier than last year.

- **FACTS II (Report on Budget Execution) due October 26, 2006**  
The report on budget execution shows the status of budgetary resources and indicates whether funds are obligated, unobligated and available, or unobligated and unavailable. It also shows the disbursements and collections for the Fiscal Year.
- **FMS 2108 (Year-end Closing Statement) due October 26, 2006**  
The report provides year-end cash balance, accounts receivable, unfilled customer orders, unpaid obligations and unobligated balance as of September 30th.
- **Report on Receivables Due from the Public due November 15, 2006**  
This report captures the receivable data relevant to the provisions of the Debt Collection Act.

## **U.S. Government Standard General Ledger (USSGL)**

The USSGL provides a uniform Chart of Accounts and technical guidance to Federal agencies to support preparation of standardized external reports. There is a website [www.fms.treas.gov/ussgl/](http://www.fms.treas.gov/ussgl/) that explains in detail the changes and provides other relevant information. Of course, we will be available to provide any information you need in this area, and we will ensure our systems are compliant with current USSGL guidance.

## **FY2006 Travel:**

Each year, ARC Travel Services provides year-end guidance to travelers in order to ensure a smooth transition from one fiscal year to the next. We have broken down the guidance this year by document (authorizations, vouchers from authorizations, local vouchers) and miscellaneous information. We hope this will be helpful when creating documents for the new fiscal year and clearing out any outstanding trips for 2006.

## **Authorization Guidance**

**FY2006 Travel – August 31 Year-end Cutoff** – Authorizations for travel to be performed before September 30, 2006 should be approved by August 31, 2006 in GovTrip.



## Contract Fares And Continuing Resolution

Agencies cannot obligate funds for a new fiscal year until the funding is available. Until an agency receives funding for FY 2007, only Government contract fares can be reserved for trips beginning after October 1, 2006, or a trip beginning before this date but the return segment is not until after October 1, 2006.

In the event of a continuing resolution (CR), travelers should only reserve Government contract fares. Contract fares are not issued until 3 days prior to departure. Therefore, if the Government is under a CR, the contract ticket could be cancelled without penalty. Acceptable FY07 contract fares are highlighted in yellow or green and are currently available in GovTrip.

Penalty fares are highlighted in red in GovTrip and should not be used until the FY07 budget has been passed for your agency.

## Trips Crossing the Fiscal Year

Travel that begins in fiscal year 2006 that extends beyond September 30, 2006 will initially be prepared as one document (created by traveler/document preparer) in GovTrip due to the on-line booking of reservations. When the approved authorization is submitted for processing, ARC Travel Services will create an amendment to include expenses for the September portion of the trip and will also create an authorization for the October portion. ARC Travel Services will contact the traveler/document preparer if further information is needed. Both of these documents will need to be re-routed for approval.

The October trip will remain in the created status until the 2007 accounting is entered in GovTrip on September 11, 2006. ARC Travel Services will add the 2007 accounting to the October authorization and route it through the normal routing.

**Travel Authorizations for FY2007 – If possible, please do not enter electronic documents for travel occurring after September 30, 2006 until GovTrip is updated with the 2007 accounting on September 11, 2006.**

Authorizations for travel occurring on or after October 1, 2006 require a fiscal year 2007 accounting code. For single year appropriations, the authorization should contain a comment "Travel is contingent on availability of fiscal year 2007 funds" until appropriations are passed. The traveler is responsible for verifying that the funds are available prior to departure. The program office, agency budget contact, or ARC travel help desk can tell the traveler whether funds are available

Documents for travel to be performed after September 30 may be prepared and routed in GovTrip beginning September 11, 2006. If the travel authorization must be created prior to September 11, please call the ARC travel help desk for assistance.



## Voucher Guidance

FY06 Vouchers – Please voucher timely to close out all 2006 vouchers since the 2006 accounting will be deleted from GovTrip on December 1, 2006. If you still have an open obligation on November 1, 2006, our office will send an email to your agency's travel contact. They will be responsible for contacting you and asking you to voucher before December 1, 2006.

## Vouchers Crossing the fiscal year

When returning from your trip, please keep in mind that you need to create two vouchers, one from the September authorization (FY06) and one from the October authorization (FY07).

## Local Voucher Guidance

When creating local vouchers in GovTrip, please create a document for each fiscal year's expenses. **You cannot claim 2006 & 2007 expenses on the same document.** Use caution when selecting the correct accounting.

## Miscellaneous FY2007 Travel Information

Any unexpected or local travel needs for fiscal year 2006 arising during the month of September should be entered and approved in GovTrip as soon as possible.

## Default Accounting

If you use the default accounting feature, please re-select the appropriate fiscal year 2007 accounting in the traveler's GovTrip profile. Please be careful when selecting accounting after September 11, as both fiscal year 2006 and 2007 accounting will be in GovTrip until 2006 accounting is deleted on December 1, 2006.

## TAV Fees

The amount of the TAV fees will be reduced on 11/12/2006 as follows:

TDY Voucher \$13.50 Charged at time voucher is approved

Local Voucher \$6.50 Charged at time voucher is approved

## TMC Fees

There will be a minimal change in the costs of the TMC fees on 11/12/2006.

Please call the ARC travel help desk at 304-480-8000 (Option 1) if you have any questions or need assistance with any of this guidance.

## Permanent Change of Station

### **(Does not apply if your agency is not serviced by ARC for Relocation Services)**

All travel and transportation expenses for a transferred employee are obligated against the appropriation current when the travel orders are issued. The one exception would be for home sale service contracts that are awarded at a later date when the obligation results from the date of the contract with the private firm rather than the transferee's authorization.

## FY2006 Relocation Travel Authorizations

All new relocations using FY2006 funds should be initiated with Relocation Services Branch (RSB) by the end of August and approved by the agency by September 14 unless your agency guidance has established an earlier cutoff for obligations. Several actions must occur before a travel authorization can be prepared and sent for approval in order to obligate funds. The employee provides required information to RSB. The carrier is notified and performs an on-site visit to provide an estimate of costs for the shipment of household goods. The relocation coordinator then counsels the employee on the appropriate relocation allowances. RSB will do everything we can to keep the process moving in order to complete the travel orders before the 14th. Our billing cutoff for RSB services is also September 14 so any relocation not approved by then will be charged at the October rates for the new fiscal year.

## FY2007 Relocation Travel Authorizations

The Request for Relocation may be sent to RSB anytime after August 31st and we will start the preparation actions for the Travel Authorization. The authorization will be prepared with a comment that the relocation is contingent on availability of FY07 funding. No expenses related to the relocation can be incurred by the traveler prior to obtaining an approved travel order and the availability of funding is confirmed.

There are no unusual requirements for voucher and tax processing at the end of the fiscal year. However, because of the tax consequences of certain relocation reimbursements, timely processing at the end of the calendar year is important.

If you have any questions regarding the Permanent Change of Station Guidance, please contact Denise Stinn at 304-480-8479.

## **Procurement:**

### Cut-off

In order for Procurement to complete FY 06 work in an orderly and timely fashion, we have established a cut-off date of COB August 18, 2006, for all requisitions intended for award prior to September 30, 2006. Requisitions received after that date will be held for processing until all timely requests have been processed. Any open market actions over \$25,000 or large schedule buys will take considerably more time and you should

contact Procurement immediately if you are aware of a requirement that has not yet been submitted.

### Option Renewals

For option renewals, you should provide the purchase request, changes to the requirement (if any) and a revised Independent Government Estimate (IGE) (if necessary).

### New Requirements

For new requirements, you should provide the following items: procurement request, market research documentation, performance work statement, evaluation factors, IGE, sole source justification (if necessary), and any other documents deemed necessary.